

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: The bill eliminates the tax imposed on alcoholic beverages sold for consumption on the premises of the vendor.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

Since 1990, Florida has imposed a tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor. The tax rate was reduced by one-third in 1999, and again by one-half in 2000. Current tax rates are: 3.34 cents per 1 ounce of spirits or 4 ounces of wine, 1.34 cents per 12 ounces of beer, and 2 cents per 12 ounces of cider.¹

Twenty-seven and two-tenths percent of the tax proceeds are transferred to the Children and Adolescents Substance Abuse Trust Fund, for the purpose of funding programs directed at reducing and eliminating substance abuse problems. The remainder of the tax proceeds is transferred to the General Revenue Fund.²

Proposed Changes

The bill eliminates the tax on the retail sale of alcoholic beverages sold for consumption on the premises of the vendor and terminates the Children and Adolescents Substance Abuse Trust Fund, effective July 1, 2005. The bill retains in place the administrative tax collection provisions of the statute until July 1, 2006.

C. SECTION DIRECTORY:

Section 1. Amends s. 561.121, F.S., to provide that tax revenues collected after July 1, 2005 must be transferred to the General Revenue Fund.

Section 2. Amends s. 561.121, F.S., effective July 1, 2006, to delete a reference to the tax collected pursuant to s. 561.501.

Section 3. Terminates the Children and Adolescents Substance Abuse Trust Fund and transfers any remaining balances, after payment of outstanding obligations, to the Operations and Maintenance Trust Fund of the Department of Children and Families.

Section 4. Amends s. 215.20, F.S. to eliminate a cross reference to the Children and Adolescents Substance Abuse Trust Fund.

Section 5. Amends s. 561.501 to delete the tax imposed on alcoholic beverages consumed on the premises of the vendor.

Section 6. Repeals s. 561.501, F.S., as amended by this bill, effective July 1, 2006.

Section 7. Amends s. 561.025, F.S., to remove a cross reference, effective July 1, 2006.

Section 8. Provides an effective date of July 1, 2005, unless otherwise provided in the act.

¹ Section 561.501, F.S.

² Section 561.121(4), F.S.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:	FY 05-06	FY 06-07
General Revenue	(\$30.6m)	(\$36.0m)
CASA Trust Fund	<u>(\$11.9m)</u>	<u>(\$12.2m)</u>
Total	(\$42.5m)	(\$48.2m)

2. Expenditures:
None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:
None

2. Expenditures:
None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Retail vendors of alcoholic beverages sold for consumption on the premises will no longer have to remit alcoholic beverage taxes to the state.

D. FISCAL COMMENTS:

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

The bill does not require cities and counties to spend funds, does not reduce the authority of cities and counties to raise revenues and does not reduce the percentage of a state tax shared with counties and municipalities.

2. Other:

B. RULE-MAKING AUTHORITY:

None

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES